

ITEM NO.	SUBJECT	REF
	DRAFT BUDGET REPORT- MARCH 2014	

**REPORT TO** : COUNCIL  
**DATE** : 31 MARCH 2014  
**DIRECTORATE** : BUDGET AND TREASURY OFFICE  
**AUTHOR** : BUDGET OFFICER

## PURPOSE

To seek Council approval in terms of section 16 of the Municipal Finance Management Act No. 56 of 2003, for the 2014/15 Draft budget.

## PART 1

### 1.1 MAYOR'S REPORT

His worship the Mayor started his speech by emphasizing the importance of sticking to the Vision and Mission of Hlabisa Municipality as these are the keys in uplifting the lives of our local community.

#### Vision

" A prosperous and sustainable municipality ensuring the provision of basic services, skills, quality life and economic opportunities"

#### Mission Statement

- Exploring and exploiting natural resources and opportunities that we have,
- Through cooperative and collaborative working relations with all stakeholders, and
- Eradicating the vicious cycles of poverty, unemployment and other social ills.
- By enhancing our systems and processes to promote good governance,
- By upholding BATHO PELE Principles

Although our municipality is located in a rural place that is mostly harmed by high rate of unemployment, Illiteracy and other negative factors that hinder progress and service delivery to the local community. Hlabisa Local Municipality intend to do more with the available resources in order to enhance service delivery that aims at improving the quality of life for all people within it geographical area, Draft Budgeting is essential about choices that the municipality has to make between competing priorities and fiscal realities. As Hlabisa Municipality we need to remain focused on the effective and efficient delivery of core municipal services. The application of sound financial management principles is crucial to ensure that the municipality remains financial viable, and that sustainable municipal services are provided to the community at large.

In support to our objective of improving peoples life's through service delivery with the usage of available resources, the municipality has considered the following Turnaround strategies:

- Good corporate governance

- Transformation of infrastructure
- Financial viability and sustainability
- Management change and organisational review

A detailed delivery agreement has been developed to extend targets and responsibilities to National and Provincial departments, Hlabisa Local Municipality's financial plan must take into account some outcomes when developing its budget. It is of vital importance that the municipality must perform the following:

- Improve municipal financial and administrative capacity by implementing competency norms and standards.
- Ensure that capital budgets are appropriately prioritised and fully involved in community consultation process around IDP, Budget and other related service delivery issues.
- Review the municipal expenditures to eliminate fruitless and wasteful expenditures.
- Ensure effective maintenance and rehabilitation of infrastructure.
- Ensure effective spending of grants for funding extension.

## Council Resolutions

On the 31 March 2014 the Council of Hlabisa Local Municipality met in the Council Chamber of Hlabisa Local Municipality to consider the draft budget of the municipality for the financial year 2014/2015. The Council approved the following resolutions:

The Council of Hlabisa Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 3.1.1 The annual draft budget of Hlabisa Local Municipality for the financial year 2014/2015 , the multi year and single year capital appropriations as set out in the following tables:
- 3.1.2 Budgeted Financial performance ( revenue and capital expenditure by standard classification) as contained in table A2 of the 2014/2015 draft budget.
- 3.1.3 Budgeted Financial Performance ( revenue and expenditure by municipal vote) as contained in table A3 of the 2014/2015 draft budget.
- 3.1.4 Budgeted Financial Performance ( revenue by source and expenditure by types ) as contained in table A4 of the 2014/2015 draft budget.
- 3.1.5 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 of the 2014/2015 draft budget.
- 3.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- 3.2.1 Budgeted Financial Position as contained in Table A6 of the 2014/2015 draft budget.
- 3.3 Budgeted Cash Flows as contained in Table A7 of the 2014/2015 draft budget.
- 3.4 Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 of the 2014/2015 draft budget.
- 3.5 Asset management as contained in Table A9 and of the 2014/2015 draft budget and

3.6 Basic service delivery measurement as contained in Table A10 of the 2014/2015 draft budget.

The Council of Hlabisa Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts:

The tariffs for property rates and tariffs for other services – as set out in supporting table SA13.

## 1.2 EXECUTIVE SUMMARY

In terms of chapter 4, section 16 of the Municipal Finance Management Act (MFMA), no 56 of 2003, the Draft operational and capital budget must be tabled by the Mayor at a council meeting 90 days before the start of the budget year.

The draft budget is set out under the following headings:

- Operational budgets
- Budget assumptions
- Capital budget
- Proposed tariff structures
- Measurable performance objectives for revenue
- Service agreements
- New budget regulations
- Budget related policies
- Public input
- Publication of budgets
- Draft resolutions

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2014/15 MTREF. The following draft budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 draft budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

### **Overview of Budget Related Policies**

This section gives a broad overview of the budget policy framework and highlights the policies to be approved by Council by 30 May 2014

NAME OF POLICY	DATE OF FINAL APPROVAL
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Property Rates Policy	30 May 2014
Tariff Policy	30 May 2014
Investment Policy	30 May 2014
Credit Control & Debt Collection Policy	30 May 2014
Risk Management policy	30 May 2014
Supply Chain Management Policy	30 May 2014
Indigent Support Policy	30 May 2014

Draft Tariffs for 2014/205 are as follows after they have been adopted by council on the 31<sup>st</sup> of March 2014

### **Property Rates**

1.	Residential properties	0.012285
2.	Business Properties	0.015225
3.	Specialized Properties	0.0029925

### **Refuse Removal**

1.	Residential Properties	R 120 pm Fixed
2.	Businesses	R 150 pm Fixed
3.	Government Properties	R 150 pm Fixed

### **Overview of budget funding Consolidated**

The total operating revenue reduced by R 2, 159m for the 2014/2015 financial year when compared to the 2013/2014 Adjustment Budget. Equitable Share increased from R30 174 000 to R37 118 000 as well as the Municipal Infrastructure Grant (MIG) being changed from R 12 829 000 to R13 902 000. The total operating expenditure for 2014/2015 financial year has been appropriated at R49 802 000 which is more appropriated when compared to 2013/14 Adjustment Budget.

### **1.3 OPERATING REVENUE AND EXPENDITURE FRAMEWORK**

The operating budget summary provides information on both income and expenditure activities in line with the approved budget and the proposed adjustment budget for the year under- review and the following will be discussed:

#### **1.3.1 Property rates**

This refers to property rates income that the municipality collects as budgeted. The annual budget approved budget for property rates amounted to R773 000.

#### **1.3.3 Service Charges**

This refers to only to refuse removal income that the municipality collects as budgeted. The annual approved budget for service charges amounted to R42 840.00. This amount is due to the few properties around town that we collect refuse on

#### **1.3.4 Rental of Facilities and Equipment**

This refers to the rentals for municipalities facilities the municipality budgeted R339 000.

#### **1.3.5 Interest Earned**

This refers to the combination of monies invested by the municipality as well as its entity on various financial institutions both on call and fixed investments deposit accounts as well as interest on outstanding debtors.

##### **1.3.5.1 External Investments**

The approved budget for investment revenue was R360 000

#### **1.3.5.2 Outstanding Debtors**

Interest on outstanding debtors was R32000.

#### **1.3.6 Licences and Permits**

The approved budget for Fines was R2, 913m this amount has been increased from R539 000 of adjustment budget because the traffic tasting station will start operate in the middle of April .

#### **1.3.7 Traffic Fine**

The approved budget for licences and permits was R160 000.00

#### **1.3.8 Transfers Recognised- operational**

This refers to operating grants gazetted during the year under-review by both National and Provincial Treasuries. The approved budget for these was R 49 802m.

##### **1.3.8.1 Transfers Recognised- Capital**

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This refers to Capital grants gazetted during the year under-review by National Treasury amounted to R13 902000.

#### **1.3.9 Other Own Revenue**

Included on other own revenue are Bill Boards income, Sundry income, telephone costs recovered and sale of bid document etc. For this revenue source, an amount of R53 000 was approved and

The amount of sale of sites R2 150m was allocated on gain on disposal of PPE.

#### **1.3.10 Employee Related Costs**

This refers to the salaries and benefits paid to employees. An amount of R25, 613m was approved and this budget has been increased compare to the amount of R18 501m of Adjustment budget this was due to new positions has been included on that amount of R25, 613m. There have also been positions which are deemed critical which have been approved by

Council, These have had to be brought in onto the budget due to the critical nature and the risk the municipality is facing by not having a structure of this nature established.

#### **1.3.11 Remuneration of Councillors**

An amount of R 5 307m was approved it includes allowances and benefits.

#### **1.3.12 Dept Impairment**

This refers to the provision of debt impairment for 2014/2015 which is estimated to be R310 000

#### **1.3.13 Depreciation and Asset Impairment**

This refers to the provision of depreciation, amortisation and asset impairment as required by applicable standards that it must be provided for in line with asset management policy. An amount of R 3 150m was approved.

#### **1.3.14 Finance Charges**

This refers to charges of machines under finance lease, the approved amount is R220 000.

#### **1.3.15 Other Materials**

This refers to the budget of repairs and maintenance and other materials . The approved budget for other materials of R30 000 and repairs and maintenance R1120 000. The municipality has added this two item to one item due to the reason that repairs and maintenance are the repairs that are done internal

#### **1.3.16 Other Expenditure**

This refers to the other expenditures incurred by the municipality. An amount of R 10 335m was budgeted and this has been approved, . This being said however, other expenditure must be kept in line with monthly projections and overspending is avoided. This category of expenditure also excludes expenditure on grants allocated to the municipality.

#### **1.3.17 Transfers and Grants**

This refers to the certain transfers non-cash, which the municipality will receive from National and Provincial Departments as well as indigent support to communities that qualifies to get indigent support. The approved budget is R 8, 5m and is made up by the following:

- An amount of R8m is funded by Department of Energy (National)
- An amount of R500 000 will be funded internal for Indigent support on free basic electricity

#### **1.3.18 Contracted Services**

This refers to all contracted services to other parties that provide services on behalf of the municipality. The approved amount was R 1 402m and which is as a result mainly the increase in security expenditure and management contracts in line with existing contracts.

#### **1.4 CAPITAL BUDGET**

The approved budget for capital budget was R 13, 902m The total of capital budget is sitting at R14, 495m.

##### **1.4.1 Capital Transfers**

###### **1.4.1.1 National and Provincial**

This refers to transfers from National Treasury for capital projects. The budget is R13, 902m.

###### **1.4.1.2 Internal Funding**

The internal funded capital budget has been approved is an amount of R638 000.00

## **PART 2**

### **2.1 Draft Budget Financial Performance ( revenue and expenditure**



KZN274 Hlabisa - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	420	129	41	300	403	403	403	773	813	859
Property rates - penalties & collection charges		420	129	41	120	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	660	259	345	289	21	21	21	43	45	48
Service charges - other		660	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		192	207	311	317	258	258	258	339	237	261
Interest earned - external investments		895	852	577	450	501	501	501	360	372	384
Interest earned - outstanding debtors		-	-	-	30	359	359	359	32	33	36
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		6,283	1,623	545	2,914	80	80	80	160	240	300
Licences and permits		275	282	176	2,364	539	539	539	2,913	2,405	2,549
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		67,068	65,595	48,634	44,260	44,260	44,260	44,260	49,802	64,896	66,144
Other revenue	2	276	1,010	172	1,562	6,563	6,563	6,563	53	57	57
Gains on disposal of PPE		-	-	-	-	5,800	5,800	5,800	2,150	150	150
Total Revenue (excluding capital transfers and contributions)		77,150	70,085	50,842	52,607	58,784	58,784	58,784	56,625	69,248	70,787
Expenditure By Type											
Employee related costs	2	14,061	13,675	16,513	21,302	18,501	18,501	18,501	25,613	26,894	28,620
Remuneration of councillors		(6,885)	3,642	3,756	4,756	4,756	4,756	4,756	5,307	5,684	5,957
Debt impairment	3	(89)	15	756	(324)	310	310	310	310	326	342
Depreciation & asset impairment	2	2,598	2,632	3,056	3,000	3,000	3,000	3,000	3,150	3,308	3,473
Finance charges		(91)	324	275	-	200	200	200	220	242	266
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	541	775	30	650	650	650	1,150	1,049	1,099
Contracted services		2,632	708	1,074	890	2,837	2,837	2,837	1,402	14,404	13,228
Transfers and grants		-	694	9,610	9,250	15,395	15,395	15,395	8,500	12,600	12,700
Other expenditure	4, 5	15,607	41,758	15,033	9,801	9,993	9,993	9,993	10,335	8,966	9,437
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		27,834	63,988	50,847	48,705	55,641	55,641	55,641	55,987	73,472	75,123
Surplus/(Deficit)		49,316	6,097	(5)	3,902	3,143	3,143	3,143	638	(4,224)	(4,336)
Transfers recognised - capital		-	-	-	12,188	13,913	13,913	13,913	13,902	14,441	14,897
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		49,316	6,097	(5)	16,089	17,056	17,056	17,056	14,540	10,217	10,561
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		49,316	6,097	(5)	16,089	17,056	17,056	17,056	14,540	10,217	10,561
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		49,316	6,097	(5)	16,089	17,056	17,056	17,056	14,540	10,217	10,561
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		49,316	6,097	(5)	16,089	17,056	17,056	17,056	14,540	10,217	10,561

## 2.2 Councillors and employee benefits

Due to the number of vacant posts that need to be filled next financial year, employee related costs have been adjusted downwards this being said however, the Municipality remain within the National Treasury Threshold or employee related costs.

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages			2,124	1,517	3,584	3,584	3,584	3,961	4,361	4,563
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance					896	896	896	958	925	968
Cellphone Allowance					206	206	206	316	320	327
Housing Allowances										
Other benefits and allowances			1,518	2,239	70	70	70	71	78	99
<b>Sub Total - Councillors</b>		-	3,642	3,756	4,756	4,756	4,756	5,306	5,684	5,957
% increase	4		-	3.1%	26.6%	-	-	11.6%	7.1%	4.8%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		1,705	1,485	1,232	1,859	1,756	1,756	2,791	3,041	3,191
Pension and UIF Contributions		104	34	146	23	18	18	54	61	66
Medical Aid Contributions										
Overtime										
Performance Bonus				4	434	-	-	337	422	430
Motor Vehicle Allowance	3	526	449	486	558	417	417	675	726	799
Cellphone Allowance	3			42	130	203	203	179	204	205
Housing Allowances	3			251	431	278	278	416	426	426
Other benefits and allowances	3	742	1,162	4	209	177	177	449	462	419
Payments in lieu of leave				59	-					
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		3,076	3,130	2,225	3,644	2,849	2,849	4,903	5,341	5,536
% increase	4		1.8%	(28.9%)	63.8%	(21.8%)	-	72.1%	8.9%	3.6%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		8,485	9,014	10,991	11,451	10,532	10,532	14,222	15,222	15,546
Pension and UIF Contributions		986	833	1,081	1,530	1,174	1,174	1,945	1,845	2,245
Medical Aid Contributions		311	226	336	1,138	638	638	1,149	1,049	1,449
Overtime		1,001	855	824	1,098	663	663	784	884	1,034
Performance Bonus		573			-	663	663	-	-	-
Motor Vehicle Allowance	3	1,000			633	598	598	888	788	888
Cellphone Allowance	3	608	838	883	155	155	155	416	458	444
Housing Allowances	3	1,045	883	659	1,069	784	784	722	822	823
Other benefits and allowances	3	73	1,001	1,145	691	427	427	585	485	655
Payments in lieu of leave		(21)	24	595	-					
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		14,061	13,675	16,513	17,766	15,634	15,634	20,711	21,553	23,084
% increase	4		(2.7%)	20.8%	7.6%	(12.0%)	-	32.5%	4.1%	7.1%
<b>Total Parent Municipality</b>		17,138	20,447	22,493	26,165	23,239	23,239	30,919	32,578	34,577
			19.3%	10.0%	16.3%	(11.2%)	-	33.1%	5.4%	6.1%

## 2.3 Capital expenditure

A list of all capital programmes and projects of the municipality aligned with the Integrated Development Plan of the Municipality is attached in the supporting documentation.

Total Capital Expenditure - Vote		14,691	12,412	10,624	13,538	15,334	15,334	15,334	14,540	21,114	21,784
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		1,396	1,300	150	8,875	506	506	506	538	-	-
Executive and council		-	750	150	8,625	356	356	356	280	-	-
Budget and treasury office		1,396	550	-	250	150	150	150	258	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	11,102	3,550	4,662	6,603	6,603	6,603	100	-	-
Community and social services		-	10,172	2,109	850	850	850	850	-	-	-
Sport and recreation		-	-	1,441	3,112	5,553	5,553	5,553	-	-	-
Public safety		-	930	-	700	200	200	200	100	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13,295	-	8,365	-	8,225	8,225	8,225	13,902	14,441	14,897
Planning and development		13,295	-	8,365	-	8,225	8,225	8,225	13,902	14,441	14,897
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	10	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	10	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	14,691	12,412	12,065	13,538	15,334	15,334	15,334	14,540	14,441	14,897
<b>Funded by:</b>											
National Government		14,691	24,412	11,915	12,188	12,188	12,188	12,188	13,902	14,441	14,897
Provincial Government		-	-	-	-	1,725	1,725	1,725	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	14,691	24,412	11,915	12,188	13,913	13,913	13,913	13,902	14,441	14,897
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	150	1,350	1,422	1,422	1,422	638	6,673	6,887
<b>Total Capital Funding</b>	7	14,691	24,412	12,065	13,538	15,334	15,334	15,334	14,540	21,114	21,784

## 2.4 Grants Allocations

KZN274 Hlabisa - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		-	37,856	36,606	43,355	43,355	43,355	48,852	64,048	65,251
Local Government Equitable Share			37,856	22,306	30,174	30,174	30,174	37,118	49,131	50,132
Finance Management				1,500	1,650	1,650	1,650	1,800	1,950	2,100
Municipal Systems Improvement				800	890	890	890	934	967	1,019
Integrated National Electrification Programme				12,000	9,000	9,000	9,000	8,000	12,000	12,000
EPWP Incentive				-	1,000	1,000	1,000	1,000	-	-
Municipal Systems Improvement										
PMU FEES					641	641	641			
Provincial Government:		-	-	1,513	905	905	905	950	848	893
Sport and Recreation				675				150	-	-
				-					-	-
Provincialisation of Libraries				838	766	766	766	800	848	893
Community Library Services				-	139	139	139	-	-	-
PMU FEES				-				-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]								-	-	-
								-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	-	37,856	38,119	44,260	44,260	44,260	49,802	64,896	66,144
<b>Capital Transfers and Grants</b>										
National Government:		-	-	11,915	12,188	13,913	13,913	13,902	14,441	14,897
Municipal Infrastructure Grant (MIG)				11,915	12,188	13,913	13,913	13,902	14,441	14,897
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	11,915	12,188	13,913	13,913	13,902	14,441	14,897
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	37,856	50,034	56,448	58,173	58,173	63,704	79,337	81,041

## 2.5 Cash Flow Statement

KZN274 Hlabisa - Table A7 Budgeted Cash Flows

Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other			9,667	9,007	9,549	3,796	5,580	5,580	5,580	98	2,585	2,585
Government - operating		1	39,265	-	-	44,260	-	-	-	49,802	64,896	66,144
Government - capital		1	278,063	-	-	12,188	716	716	716	13,902	14,441	14,897
Interest			895	852	577	450	287	287	287	360	372	384
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(36,817)	(20,835)	(26,151)	(37,589)	-	(2,060)	(2,060)	(43,002)	(45,002)	(50,502)
Finance charges			-	-	-	-	-	(200)	(200)	(220)	(231)	(232)
Transfers and Grants		1	(19,517)	(56,299)	(23,358)	(9,250)	-	(6,035)	(6,035)	(8,500)	(12,500)	(12,500)
NET CASH FROM/(USED) OPERATING ACTIVITIES			271,556	(67,275)	(39,383)	13,855	6,582	(1,713)	(1,713)	12,440	24,562	20,777
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			(14,959)	(10,754)	(14,558)	-	-	-	-	1,505	-	-
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables			(850)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets			-	-	-	(13,538)	-	(1,081)	(1,081)	(13,902)	(14,441)	(14,897)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(15,809)	(10,754)	(14,558)	(13,538)	-	(1,081)	(1,081)	(12,397)	(14,441)	(14,897)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			30	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			30	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			255,778	(78,030)	(53,941)	317	6,582	(2,794)	(2,794)	43	10,121	5,880
Cash/cash equivalents at the year begin:		2		255,778	177,748	(13,538)	6,151	6,151	6,151	6,895	6,939	17,060
Cash/cash equivalents at the year end:		2	255,778	177,748	123,807	(13,221)	12,734	3,358	3,358	6,939	17,060	22,940

## 3. Recommendations

It is recommended **THAT**

- That the 2014/2015 draft budget be approved and adopted by Council